

FISCAL NOTE

HB 2465

February 1, 2006

SUMMARY OF BILL:

- Creates a uniform act that would require each Tennessee public pension plan (including the Tennessee Consolidated Retirement System) to be governed by an independent board with exclusive authority to invest and manage assets of the public pension plan.
- Reduces all legislative review or oversight in the types of instruments in which public pension plan assets may be invested.
- Gives the independent retirement board sole authority to: 1) set and fund its own budget from public pension plan assets without any legislative review or oversight, and 2) procure services without following current procurement practices involving the expenditure of state-appropriated funds.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Exceeds \$100,000 Recurring
Exceeds \$100,000 One-Time

Increase Local Govt. Expenditures – Exceeds \$100,000 Recurring
Exceeds \$100,000 One-Time

Assumptions:

- Removing legislative authority for setting the state's retirement system budget would permit the procurement of goods and services by board action rather than legislative action as other state agencies must follow, and would permit the board to employ external auditors and law firms rather than using the State's Comptroller of the Treasury and the Office of the Attorney General.
- Increased expenditures to the state and local governments will be incurred to establish and maintain separate governing bodies and supporting infrastructures. A precise estimate cannot be determined but is estimated to be significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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